



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE DISTRIBUTION OF STOCKHOLDINGS IN AMERICAN RAILWAYS¹

In a study of the distribution of stockholdings in American railways we touch upon a question which, as associated with the fundamental institution of private property, has a most important bearing upon our social, economic and political life. The ownership of property tends, above all, to create a sentiment favoring conservatism. The greater the number of individuals participating in the ownership of property, the greater will be the number interested in promoting the safety and conservatism of property, and the advancement of industry. The effect of the diffused ownership of stockholdings, for example, upon our economic life may be readily observed. Being owners in a great enterprise, the large number of smaller holders are thus prompted by self-interest to view economic questions from the standpoint of an employer. In the industrial struggles between labor and capital, a widely diffused ownership of stock may be of the greatest importance in molding public sentiment with reference to the demands of the contending parties. The holding of a single or a few shares in a large corporation may not only cause the holder to feel a greater interest in the welfare of his particular concern, but may cause him, in a general way, to observe and feel as a member of the employing class. Moreover, a large corporation by widely distributing the ownership of its stocks and bonds, especially if it be among an influential class, will thereby safeguard its interests and privileges through an increased political constituency. Railways, for example, whose stocks and bonds are held by thousands of holders may be expected to exert a powerful influence in the legislatures of their respective states.

These and other considerations point to the conclusion that the economic and social effects, resulting either from a wide diffusion or a high degree of concentration in the ownership of stockholdings, are both numerous and important. Yet, significant as a study of the

¹ The present study is confined to an examination of the distribution of capital stock only, and takes no account of the funded debt. Moreover, the study is based primarily upon the data furnished by the latest available railroad commission reports, and does not consider the readjustments in the capital stock, or changes in the number of stockholders, which have occurred since the issuing of these reports.

distribution of stockholdings in American railways may be in this respect, we find ourselves confronted with all the difficulties which beset the question of the distribution of wealth in general. As Professor Mayo-Smith has remarked: "Almost all statistical analyses of the actual distribution of wealth break down on account of the imperfections of the statistics."² And it is especially in the study of the distribution of railway stock, probably more so than in the case of wealth in general, that we find the materials at our disposal not only very incomplete, but also extremely limited. In fact, reliance had to be placed almost wholly upon individual statements concerning certain particular roads, and upon the statements of the amount of capital stock issued and outstanding, and the total number of stockholders for the various roads at the date of the last election of the directors, as collected under the authority of the railway commissioners of the various states. This latter source, however, is by no means complete. In many states, especially the Southern, with the exception of Alabama, Louisiana, and Virginia, the railway commission reports furnish no information whatever on the subject; and in no case do the reports give the exact distribution of the capital stock among the holders. This absence of conclusive material determines largely the mode of treatment to be followed, and fixes in a general way the limits of the conclusions. The attempt is made, therefore, to present, briefly, the distribution of stockholdings in those few railways where the evidence is direct and conclusive; and to present tables showing respectively those important railways whose stock is owned by a comparatively large number of stockholders, those where concentration is apparent; and, lastly, those important railways whose stock is concentrated in the hands of a few holders. Despite the many defects in the materials, it is believed that a compilation of the data presented in the railway commission reports, if supplemented by such considerations as are necessarily involved in a statistical treatment of this kind, cannot fail to add something to our knowledge of the subject under discussion.

Passing now to an examination of specific railways, we find that the Illinois Central stands out most prominently in the effort to diffuse the ownership of its stock among small holders, especially its employees. According to Mr. Cressey, "No other railroad has adopted a plan to this purpose approaching in extent or liberality

² *Statistics and Economics*, p. 437.

that devised by President Stuyvesant Fish. Other roads, however, have made commendable efforts in this direction, and among these may be mentioned the Chicago Great Western System.³ Of the 6,526 stockholders of the Illinois Central in 1900, 705 were officers and employees of the company, other than directors, and held stock to the amount of 2,554 shares. Three thousand eight hundred and sixty-eight of these stockholders, owning 346,207 shares, were residents of the United States; 2,543, owning 198,616 shares, were residents of Great Britain, and 115, owning 55,125 shares, were residents elsewhere. Excluding one large block of 40,000 shares held by a Dutch syndicate for thirty years, and itself divided among hundreds of holders, the average number of shares per holder is eighty-five and one-half. According to the books of the company there are "5 holdings of 5,000 shares or over; 85 of 1,000 shares or over; 93 of 500 shares or over; 694 of less than 500, but more than 100; 455 of exactly 100 shares each, and 5,194 of less than 100 shares."⁴ Approximately thus 80 per cent of the stockholders own less than one hundred shares each, and the fact is emphasized that it is the 5,194 small stockholders who own by far the majority of the stock.

Equally favorable appears to be the distribution of stock in the Boston and Albany and the Boston and Maine railways. The capital stock of the Boston and Albany, aggregating \$25,000,000, is distributed among 8,434 stockholders. The largest of these stockholders owns but 3,000 shares, while at least 4,645 holders, or 54 per cent of the total number, hold less than ten shares each.⁵ As regards the Boston and Maine Railroad, the annual report for 1899-1900 places the number of shares of that company at 250,345, and the number of stockholders at 7,148. Of this number of stockholders 4,575, residing in Massachusetts, owned 124,030 shares; 1,515, residing in New Hampshire, owned 29,212 shares; 599, residing in Maine, owned 18,349 shares; 459, residing elsewhere, owned 60,678 shares, while 18,076 shares of common stock were owned by the company itself.⁶ From this report it also appears that approximately 7 per cent of the largest stockholders of the company owned 26 per cent of the stock.

³ "Railroad Employees as Shareholders." *Outlook*, 62: 122.

⁴ United States Industrial Commission. Vol. IV, p. 326.

⁵ United States Industrial Commission. Vol. XIX, p. 403.

⁶ Annual Report of the Boston & Maine Railroad. 1899-1900, p. 10.

Another illustration of the wide diffusion of stock ownership in some of our great railways is afforded in the Atchison, Topeka and Santa Fé Railway. This road, the most important of the South-western roads, and the greatest of the "independent systems," has its capital stock of \$233,468,000 distributed among 13,147 stockholders. The two facts according to Mr. Thomas F. Woodlock that distinguish this road from other large Western roads are: (1) "That alone of all transcontinental lines it extends from Chicago to San Francisco," and (2) "That there is no dominant stockholding interest or combination of interests in control of the property. . . . And it is the only large system in the West that nobody in particular owns or specially controls." According to Mr. Woodlock, "the ownership of the Atchison road became thoroughly scattered in the reorganization and afterwards." "I am credibly informed," he writes, "that Messrs. Baring and the interest known as the 'Berwind Pool' are at present the only examples of concentrated ownership in the company, and that all three combined are a relatively small percentage of the whole."⁷

Directing our attention next to an examination of the distribution of the capital stock of railways other than those just considered, reliance had to be placed upon the data furnished by the latest available State Railroad Commission reports, namely those of 1900 and 1901. In the following four tables an attempt has been made to group this data. Table I includes those important railways whose stock is owned by a large number of stockholders. Table II presents those important railways whose number of stockholders is not unusually small, but where concentration in stockholding is apparent. Table III comprises those important railways whose capital stock is owned by a comparatively small number of stockholders, while Table IV shows the distribution of stock in New England railways with a capital stock of \$1,000,000 or over.

TABLE I.

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Atchison, Topeka & Santa Fé	\$233,486,000	13,147
Boston & Albany	25,000,000	8,434
Boston & Maine	26,516,970	7,229

⁷ The London Economist 59, II, p. 1395.

TABLE I.—*Continued.*

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Chicago Great Western.....	\$68,572,074	3,627
Chicago, Milwaukee & St. Paul	100,480,200	5,786
Chicago & Northwestern	66,227,320	4,260
Chicago, Rock Island & Pacific	59,988,260	2,934
Cleveland, Cincinnati, Chicago & St. Louis.....	38,418,307	2,197
Delaware & Hudson	35,000,000	3,958
Fitchburg	24,360,000	5,935
Illinois Central	66,000,000	6,526
Lehigh Valley	40,441,100	6,916
Long Island	12,000,000	646
Louisville & Nashville	55,000,000	1,982
Minneapolis & St. Louis	10,000,000	448
New York Central & Hudson River	115,000,000	10,320
New York, New Haven & Hartford	54,685,400	9,560
New York, Ontario & Western	58,118,982	2,056
Old Colony	16,617,625	5,331
Pennsylvania Railroad Company	204,374,850	29,000
Pere Marquette	28,000,000	2,098
Union Pacific	203,600,000	12,450

TABLE II.

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Atlantic Coast Line	\$34,280,500	874
Buffalo, Rochester & Pittsburg	12,000,000	224
Burlington, Cedar Rapids & Northern	8,887,380	325
Chesapeake & Ohio	86,000,000	1,145
Chicago, Burlington & Quincy	110,800,000	616
Chicago, St. Paul, Minneapolis & Omaha	34,050,126	1,019
Duluth, South Shore & Atlantic	22,000,000	350
Great Northern	123,853,300	1,835
Kansas & Colorado Pacific	25,498,100	156
Kansas City, Pittsburg & Gulf	23,000,000	325
Lake Shore & Michigan Southern	50,000,000	708
Minneapolis, St. Paul & Sault Ste. Marie.....	21,000,000	148
Michigan Central	18,738,000	563
Missouri, Kansas & Texas	72,569,200	1,080
The Missouri Pacific	76,402,875	889
New York, Chicago & St. Louis	30,000,000	677
Norfolk & Western	89,000,000	1,876
Southern Pacific	197,832,148	968

TABLE II.—*Continued.*

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
St. Louis & San Francisco.....	\$50,000,000	1,416
St. Louis Southwestern	36,000,000	778
Texas & Pacific	38,760,110	916
Western New York & Pennsylvania	20,000,000	176

TABLE III.

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Arkansas & Choctaw Railway	\$15,230,000	6
Chicago, St. Louis & New Orleans	10,000,000	22
Cincinnati & Northern	6,800,000	6
Dubuque & Sioux City	10,999,600	31
Eastern Railway Company of Minnesota.....	16,000,000	6
Erie Railroad Company	176,000,000	17
Fremont, Elkhorn & Missouri Valley	36,940,000	8
Kansas City, Fort Scott & Memphis.....	28,510,000	17
Kansas City Southern	51,000,000	15
Northern Pacific	155,000,000	17
Morgan's Louisiana & Texas Railroad and Steam- ship Company	15,000,000	6
Southern Railway Company	180,000,000	13
St. Joseph & Grand Island	13,598,500	9
St. Louis, Iron Mountain & Southern	25,795,055	32
St. Paul, Minneapolis & Manitoba	20,000,000	69
The New England Railroad Company	25,000,000	51
Wilmar & Sioux Falls	7,000,000	6
Wisconsin Central	30,000,000	12
Yazoo & Mississippi Valley	6,168,400	14

New England Railroads

TABLE IV.

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Boston & Lowell	\$6,529,400	2,142
Boston & Providence	4,000,000	1,668
Connecticut River Railroad	2,630,000	952
New Haven & Northampton	2,460,000	7
New London Northern	1,500,000	379

TABLE IV.—*Continued.*

NAME OF RAILWAY COMPANY.	Amount of Capital Stock.	Total number of Shareholders.
Providence & Worcester.....	\$3,500,000	902
Vermont & Massachusetts	3,193,000	1,312
Worcester, Nashua & Rochester	3,099,800	805
Boston & New York Air Line	3,907,968	610
Central New England	6,600,000	277
Hartford & Connecticut Western	2,712,800	641
Naugatuck Railroad Company	2,000,000	463
Norwich & Worcester	3,006,600	941
Atlantic & St. Lawrence	5,484,000	1,647
Concord & Montreal	7,197,600	2,214
Maine Central	4,975,300	824
Manchester & Lawrence	1,000,000	545
Northern Railroad Company	3,068,400	1,179
Bennington & Rutland	1,000,000	8
Newport & Richford	3,200,000	9
Rutland Railroad	6,719,700	about 600
St. Johnsbury & Lake Champlain	3,848,500	432
Vermont Valley	1,000,000	59
Bangor & Aroostook	2,178,307	24
Grand Trunk Railway	5,484,000	1,630
Portland & Rumford Falls	1,000,000	50
Washington County Railroad Company	1,999,000	27

A glance at the foregoing tables reveals a striking contrast between different railways as to the proportion between the amount of their stock and the number of their stockholders. From the evidence submitted for the twenty-two railways included in Table I, aggregating \$1,541,887.088 of capital stock, it appears that railway stock is to a large extent distributed among a great number of holders. Thus the number of stockholders for these twenty-two roads is 144,840, and for the New England railways with a capitalization of \$1,000,000 or over is in excess of 20,000. Upon glancing at Table II, however, we find the number of stockholders comparatively small, and in Table III exceedingly small considering the large capitalization of the roads.

Proceeding to a closer analysis of these tables, we find that the average stockholding for all the roads of Table I amounts to \$10,646 per stockholder. This comparatively low average, however, loses some of its significance when we remember that seven roads,—the

Atchison, Topeka and Santa Fé; the Union Pacific; Chicago, Milwaukee and St. Paul; Louisville and Nashville; New York, Ontario and Western; Chicago, Rock Island and Pacific, and the Chicago Great Western,—aggregating \$779,245,516 of capital stock, or over one-half of the total stock of these twenty-two roads, have an average stockholding of \$18,561 per holder.

In Table II the concentration becomes much more marked. Having a capital stock of \$1,180,871,739, the twenty-two railroads of this table have a total of but 17,064 stockholders, and an average stockholding of \$69,463 per holder. As in Table I, however, this average partially loses its significance, since eight roads,—the Chicago, Burlington and Quincy; the Chesapeake and Ohio; the Great Northern; Kansas and Colorado Pacific; Minneapolis, St. Paul and Sault Ste Marie; Missouri Pacific; Southern Pacific, and Western New York and Pennsylvania,—with a total capital stock of \$643,387,023 or over one-half of the total capital stock of these twenty-two roads, have an average stockholding of \$108,442. Moreover, three roads,—the Southern Pacific; Chicago, Burlington and Quincy, and Kansas and Colorado Pacific,—with capital stock aggregating nearly 30 per cent of the total stock represented in this table, have average stockholdings of \$185,777, \$179,871, and \$163,577 respectively.

If, for the purpose of comparison, we look now at Table III, we note a still greater contrast than exists between the railways of Tables I and II. The nineteen important roads represented here have their aggregate stock of \$829,041,555 distributed among but 357 stockholders, having thus an average holding of \$2,322,245 per holder. Three of the roads, however,—the Erie Railway, the Northern Pacific, and the Southern Railway,—with an aggregate capital stock of \$511,000,000, or five-eighths of the total capital stock represented by this table, have an average stockholding of \$10,872,340 per holder.

It will doubtless be urged with reference to these averages that, owing to the rapid changes in stock ownership, they have value only for the particular year for which they are compiled. In fact there is scarcely any ownership of property more transitory than the ownership of railway stock. In this connection the statistics of the New York Stock Exchange for 1901 may be studied to advantage. In that year the total number of shares sold at the Exchange num-

bered 249,193,674, representing a par value of \$24,254,887,825; and by far the great majority of these stocks constituted railway stocks. Indeed, within the year 1901 the total number of listed shares for some of the leading railways was sold from ten to twenty times over. Thus the Milwaukee-St. Paul stock was sold twenty times over; the Union Pacific stock twenty-one and one-quarter times; Rock Island stock thirteen and one-half times; Wabash preferred stock twelve and one-half times; Atchison stock eleven and seven-eighths times, and Erie stock ten times.*

Such a volume of stock transactions would seem to indicate that the above statistics can have but a temporary value. As a matter of fact, however, when we compile statistics for a considerable number of railways for different periods, we find that the proportion between the amount of stock and the number of holders shows an increase in the average stockholding sufficiently large to indicate that the above tables rather underrate than overestimate the average stockholding in railways at the present time. A few statistics will corroborate this statement. Thus as regards eleven railways of Table I, for which information could be found, the capital stock increased from approximately \$650,834,038 in 1890 to \$942,946,162 in 1900 or 45 per cent; while during the same period the number of stockholders increased from 54,928 to 75,528 or 37 per cent. In other words, the average stockholding for these eleven roads increased from \$11,848 to \$12,486, or over 8 per cent. Again, in seventeen of the twenty-two railways of Table I, for which information was available, the capital stock increased since 1895 from approximately \$875,296,724 to \$1,143,512,238 or over 32 per cent; the number of stockholders increased from 92,029 to 100,532 or over 9 per cent, and the average stockholding increased from \$9,318 to \$11,435 or over 22 per cent. Similarly in Table II, we find that eleven railways have increased their capital stock since 1890 from \$350,106,859 to \$564,251,559 or over 61 per cent. During the same period the number of stockholders decreased from 20,109 to 7,980 or over two and a half times, thus increasing the average stockholding from \$17,410 to \$70,708 or over four times. More significant by far has been the increase of the average stockholding of the railways of Table III. Since 1890 eleven of these roads have increased their capital stock from approximately \$387,419,427 to \$523,048,100 or nearly 35 per cent.

* S. S. Pratt, "The Work of Wall Street," p. 45.

Within the same period the number of stockholders has decreased from 6,215 to 239, while the average stockholding has increased over thirty-five times. Despite, therefore, the rapid changes in stock ownership, the railways of the foregoing three tables show, on the whole, a marked tendency towards an increased average stockholding. The above tables, if they err in any direction, may be regarded as underrating rather than overstating the average stockholding at the present time.

Thus far, then we have taken into account the average stockholding of leading railways whose capital stock aggregates \$3,551,800,382 or about 60 per cent of the total railway stock of the country. Directing our attention to the distribution of stock of the smaller roads, our only guide, again, consists in the State Railroad Commission reports. An examination of the latest of these reports indicates that the stock of the smaller roads in the West is held by comparatively few investors and that the stock, on the whole, becomes more and more widely diffused as we go Eastward, especially towards the New England States. Thus from the preceding tables it appears that the six principal New England railways, with stock aggregating \$172,000,000, show the exceedingly large number of 36,540 stockholders. Likewise Table IV, including those New England railways with stock of \$1,000,000 or over, shows an exceedingly large number of stockholders in view of the small capitalization of the roads. In short, the twenty-seven railways included in this table have their aggregate stock of \$93,294,375 distributed among 20,347 stockholders. When to the railways of Table IV are added the roads with stock of less than \$1,000,000, the railway commission reports of Connecticut, Massachusetts, Maine and New Hampshire show the total number of stockholders for the roads represented in these states, and for which calculation can be made, to be 28,923. The average stockholding in these roads for Connecticut is placed by the reports at approximately \$7,041. Maine follows next with an average holding of \$5,486, while Massachusetts and New Hampshire have the extremely low averages of \$3,146 and \$3,451 respectively. If we could carry our inquiry to all the railways represented in all the New England States, it is safe to assume from the above calculations that the total number of stockholders of New England railways would be considerably in excess of 70,000. If, however, we extend our inquiry to the smaller roads

outside of New England the average seems considerably larger. Thus the average amount of stock per holder in all the railways considered by the reports, and for which calculation could be made, is, approximately, \$156,638 in Minnesota, \$110,600 in Louisiana, and \$72,320 in Kansas. Of the remaining states for which calculations were possible, the greatest average stockholding (\$49,484) is shown in Arkansas. Alabama follows next with an average of approximately \$43,239, and then Michigan with an average of \$33,859. In New York the average stockholding for such roads, other than proprietary and lesser surface steam railway companies, is approximately \$18,582, and in Virginia \$15,849.

If the averages presented in the preceding paragraph are correct, the conclusion suggested is that, excluding the New England railways and the roads represented in Table I, the stock owned by the average holder is comparatively large. A closer investigation will reveal the fact, however, that the question is not fully determined by merely presenting the average stockholding for the roads of each of the four groups. It is manifest that while the above averages present the minimum concentration of stock among the so-called "stockholders," they do not take account of the fact that these stockholders do not in all cases necessarily represent individual holders, but may in some cases represent corporations. In the first place, one railway corporation, itself representing many stockholders, may be the holder of a portion of the stock of another railway company. Or considerable blocks of such securities may be held by trust companies, life insurance companies, investment companies, etc., which in turn represent the investments of a large number of persons, many of whom belong to the middle and poorer classes. How far this process of subdivision must be carried in order to fairly determine the extent to which the population of the country is now involved in railway ownership, it is difficult to judge. Suffice it to say, that large blocks of railway securities are held in this way, and that this indirect form of investment is rapidly increasing. Thus on July 1, 1901, the general stock investments of the trust companies of New York City alone aggregated over \$209,000,000. Even in the case of savings banks, whose investment powers have been very carefully safeguarded, a change of policy is manifesting itself. Since 1899, for example, the three states of New York, Massachusetts and Connecticut were obliged, owing to the rapid increase

of the deposits, to extend the power of these institutions to invest to a limited degree in railway securities. While no available statistics exist on this phase of our subject, we may nevertheless conclude that this subdivision of the stockholdings in railway securities, especially when we remember that trust companies, investment companies, and the like, representing the merging together of a large number of small and separately owned capitals, do actually hold large blocks of railway shares, points unmistakably to a very widely diffused ownership. Nothing more strikingly illustrates the extent to which this diffused ownership may exist in some of our leading railways, than the statement of Mr. J. J. Hill to the effect that "when the Chicago, Burlington and Quincy Railroad was taken into the Northern Securities Company some 2,000 of its 18,000 stockholders owned five shares each and 300 owned one share each."⁹ The Eastern trunk lines were reported to have had their stock distributed among 99,829 shareholders in the year 1896, and the Pennsylvania Railroad Company reported that 40 per cent of its shareholders were women.¹⁰

One other exception to the above averages is pertinent to our discussion. This exception, while it does not in the least disprove the wide diffusion of stock ownership indicated by the foregoing process of subdivision, does tend to show, on the contrary, a large degree of concentration of stock in individual hands. To rely merely upon the preceding averages, it is clear, would prove inadequate for our purpose, since they do not afford an exact criterion of the actual proportion of stock held by the different shareholders. The concentration of stock ownership in individual hands, as indicated by these averages, becomes all the greater when we remember, first, that the above tables fail to show the unequal distribution of the stock among the shareholders of any given road, which as a practical matter of fact we know exists; and, secondly, that they do not take cognizance of the very common fact that the well-to-do stockholders of one railway, though owning far more than their proportionate share, also own stock in a large number of other roads.

How unequal the stock of a particular railway may be distributed among its holders is well illustrated in the case of the Fitchburg and New England railways. With the exception of the Boston and Albany, the Boston and Maine, and the Old Colony railways,

⁹ Independent, Vol. LIV, p. 1030.

¹⁰ United States Industrial Commission, Vol. IV, p. 642.

the Fitchburg Railroad Company represents the lowest average stockholding of the roads of Table I. Yet 624 of its stockholders, or those residing in New Hampshire, own but \$871,300 of its \$24,360,000 of capital stock; while 1,119 of its 5,935 stockholders own but \$1,440,000. More significant, still, is the instance of the inequality of ownership afforded in the case of the New England Railroad Company. This company has its capital stock of \$25,000,000 distributed among fifty-one stockholders, and with but three exceptions shows the largest average stockholding of the nineteen roads included in Table III. Yet twenty-six, or one-half of these fifty-one stockholders, according to the Massachusetts Railway Commission report, owned but \$55,000 of the capital stock, or slightly more than the one-five-hundredth part of the total.

Having thus illustrated the unequal distribution of stock among the owners of a given road, which illustrations may be almost indefinitely multiplied, we may now inquire briefly into the second point, the ownership of stock by one individual in several or many roads. To what extent this multiple ownership exists is partly indicated by a comparison of the directorates of a number of the leading railways with a view of noticing to what degree the names of the directors of various railways duplicate one another. For the purpose of this comparison, the names of the directors of the ninety principal railways, as published in the State Railroad Commission reports, and including the directors of all the roads of Tables I, II, and III, were examined. After a tabular analysis had been made, and all duplications had been eliminated, it was found that the total number of positions in the directorates of these ninety roads was 819 and the total number of individual directors 393. Of this number of individual directors one was the director of fifteen roads, aggregating over \$929,000,000 of capital stock, and one the director of fourteen roads aggregating over \$565,000,000 of capital stock. Three were the directors of twelve roads each; one of these directors representing capital stock to the extent of \$765,000,000, and the remaining two over \$367,000,000 each. One was the director of eleven roads with a total capital stock of \$572,000,000; one the director of ten roads whose total stock exceeded \$656,000,000, and two the directors of eight roads whose stock reached \$541,000,000 in the one case, and \$565,000,000 in the other. Of the remaining directors, two were the directors of seven roads; eight the direc-

tors of six roads; fourteen the directors of five roads; thirteen the directors of four roads, and forty the directors of three roads. In brief, eighty-six of these 393 directors represented at least three of these important roads, and 192, or nearly one-half of the total number, were found to be directors of two of these roads or more.

But many, if not a majority of these directors, it should be remembered, are also directors of less important roads. The extent to which this is true becomes more apparent when we review the "Directory of Directors" of some of our important cities. Thus from the "Directory of Directors in the City of New York for 1902," we find the names of two stockholders, one of whom is the director of forty-five railways and the other of forty-two. Two stockholders are cited who are directors of thirty-seven and thirty-five roads respectively; two others who are directors of twenty-eight and twenty-two roads; two who are directors of twenty-one roads each, and two who are directors of twenty roads. In short, we find nine stockholders mentioned in this directory who are directors of twenty railways or more; fifteen who are directors of sixteen railways or more; thirty-four who are directors of from ten to fifteen roads, and forty-eight who are directors of seven roads or over. Similarly the "Directory of Directors in the City of Chicago for 1902" includes, as distinct from the above-mentioned directors, the names of three stockholders who are directors of twenty-five, eighteen and fifteen railways respectively, and the names of fifteen who are directors of from five to ten roads. In both directories almost innumerable stockholders are mentioned who are directors of from two to five roads. How much greater the extent of this multiple ownership is, becomes more apparent when we reflect that the above figures represent the directors of but two of our leading cities, and that many of these stockholders are also owners in other railways without being members of their directorates.

In the foregoing paragraphs we have reviewed, as briefly as the subject permits, some of the considerations which assist us in arriving at some conclusion with reference to our subject. Apart from any further details the general results may be summed up as follows:

In the first place, from the evidence submitted it appears that railway stock is to a large extent owned by a great number of holders scattered throughout the country, and representing every

stratum of society. The Illinois Central, we saw, stood out conspicuously in its attempt to extend the ownership of stock to its employees. The Boston and Albany and the Boston and Maine railroads likewise had their stock distributed almost entirely among small holders. The Pennsylvania Railroad has its capital stock of \$204,000,000 distributed among 29,000 individual stockholders,¹¹ a greater number, it is said, than exists in any other company in the world except the United States Steel Corporation. With reference to the New England railways, we noted that the stock was distributed among at least 70,000 stockholders, while the total number of shareholders for the roads of Table I exceeded 144,000. Recognizing that some of these stockholders may in turn represent corporations, it becomes apparent that in some of our great railways the number of small individual owners is exceedingly large. Indeed, it has been estimated by Mr. George B. Blanchard that the total number of holders of railway stock reaches 950,000, and that the total number of stockholders and bondholders combined approximates 1,250,000.¹²

Secondly, in accordance with the statistics presented, we have determined the average stockholding per holder of railways aggregating approximately \$3,822,214,000 or nearly 65 per cent of the total railway stock of the country. A survey of the smaller roads showed, that outside of the New England States, the average stockholding was comparatively large, ranging from a maximum of \$156,638 in Minnesota to a minimum of \$15,849 in Virginia. With reference to the more important railways, we noted that the average stockholding for twenty-two of these roads, representing \$1,541,887,088, was \$10,646. In twenty-two of these roads, aggregating \$1,180,871,739 of stock, the average stockholding was \$69,463; while in nineteen roads, representing a capital stock of \$829,041,555, the average stockholding reached \$2,322,245. By regrouping these railways, however, it was found that over one-half of the total capital stock of the first group is held in average holdings of \$18,561; that over 55 per cent of the total capital stock of the second group is held in average holdings of \$108,000, and that five-eighths of the total capital stock of the third group is held in average holdings of \$10,872,340.

These averages, it is true, are modified by the fact that as

¹¹ Fifty-sixth Annual Report of the Pennsylvania Railroad Co., p. 26.

¹² United States Industrial Commission, Vol. IV, p. 642.

several small corporations become financially interested in, or are merged into a larger railway corporation, the number of small stockholders may thereby be increased many times. But the effect of this increase upon a wider diffusion of railway stock, it is believed, is more than neutralized by the counter-tendency of well-to-do individual stockholders to acquire stock in a large number of such undertakings. Indeed, we have seen that this multiple ownership on the part of individual stockholders exists to an exceedingly large extent. If we recall, furthermore, that the average stockholding for the roads of the first three tables has shown a decided tendency to increase, and that great extremes of stockownership exist even in most of the roads of Table I, we may conclude with a rough degree of accuracy that the above tables present, on the whole, a far too conservative view of the actual concentration of railway stock in individual hands at the present time. Concentration certainly does manifest itself strongly in the roads included in Tables II and III. And, if the composition of the comparatively low averages of the railways of Table I could be ascertained, to see whether they are made up of great extremes or not, it seems probable, from the above considerations, that by far the majority of the large number of stockholders cited for these roads represent small investors, and that the majority of the stock, in many, if not in a majority of these roads, is held by a comparatively few large holders.

SOLOMON HUEBNER.

Philadelphia.